THE DELEGATED LEGISLATION PROVISIONS (AMENDMENT) BILL. 1985.

THE MINISTER OF STATE IN THE MINISTRY OF LAW AND JUSTICE (SHRI H. R. BHARDWAJ): Madam, I beg to move:

"That the following amendment made by the Lok Sabha in the Delegated Legislation Provisions (Amendment) Bill, 1985, be taken into Consideration. namely:—

'THE SCHEDULE

That at page 2, lines 5 to 11 be deleted."

The question was put and the motion was adopted.

SHRI H. R. BHARDWAJ: Madam, I beg to move:

"That the amendment made by the Lok Sabha in the Bill be agreed to."

The Question was put and the Motion was adopted.

THE BANKING LAWS (AMENDMENT) BILL, 1985.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): Madam, I beg to move:

"That the Bill further to amend the Reserve Bank of India Act, 1934, the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Regional Rural Banks Act, 1976, the Deposit Insurance Corporation (Amendment and Miscellaneuos Provisions) Act, 1978, the Banking Companies (Acquisition and transfer of Undertaking) Act, 1980, the Export-Import Bank of India Act, 1981 and the National Bank for Agriculture and Rural Development Act, 1981, as passed by the Lok Sabha, be taken into consideration."

Madam, the Government is seeking enactment of certain provisions through the Banking Laws (Amendment) Bill, 1985 to provide for enlargement of the capital base of the nationalised banks. The Bill also seeks to amend a few other Acts to provide for uniformity in laying reports of the public sector banks on the Table of the two Houses as recommended by the Committee on papers Laid on the Table of Rajya Sabha. The names of United Commercial Bank is also proposed to be changed to UCO Bank to ensure that there is no confusion because of similarity of names between our bank and a bank with a similar nomenclature set up in Bangla Desh. There are a few other amendments to provide for a uniform term of office to Chairman of NABARD and Chairman and Managing Director, EXIM Bank on par with the Chief executives of other banks and financial institutions. The statement of objects and reasons appended to the Bill explains the main provisions.

Madam, I am aware that we are requesting this august House to consider this Bill on a very short notice. The Bill is however, very simple although it seeks to amend a number of enactments. The principle reason to proceed post haste with this Bill is our anxiety to subscribe to the paid-up share capital of the nationalised banks before the end of the calendar year so that their balance sheets would reflect the wider capital base and an improved capital-fund ratio.

We have also taken this opportunity to amend certain other provisions in the banking laws which have been considered necessary in the administration of various statutes. I would request for the indulgence of the House on this question.

The House is aware of the phenomenal expension achieved by our banking system during the last 16 years or so. Its branch neawork has expanded from 8, 262 branches in June 1969, to 50,982 branches at the end of March, 1985. The total quantum of deposits has increased from Rs. 4,646 crores in 1969 to Rs. 79,815 crores as on November 22, 1985. Similarly, its advances have increased from a little less than Rs. 3,600 crores to over Rs. 51,827 crores over this period. The bulk of this expansion has been achieved by the public sector banks who have also taken upon themselves the responsibility of discharg-

ing socio-economic obligations of assisting priority sectors in an increasing measure. As the hon .Members are aware, these priority sector advances amounted to Rs. 18,691 crores in June, 1985 accounting for 41.3 per cent of the total outstanding advances of public sector banks.

In the context of these evergrowing operations, the capital base of the nationalised banks has remained relatively small. The Banking Companies (Acquisition and Transfer of Undertakings) Acts 1970 and 1980, as they stand today, provide for a paid-up capital of maximum of Rs. 15 crores. This base is very inadequate compared to the size of deposits mobilised by these banks. In international markets, particularly where published balance sheets are scrutinised for determining the credit worthiness of the institution and where the concept of government ownership does not have a bearing on the credit worthiness of the institution, having a respectable ratio of capital to deposits is considered essential. The present Bill, therefore, seeks revision of this ceiling up ward to Rs. 100 crores. The hon. Members would recall that in the last session a sum of Rs. 400 crores was sanctioned by way of supplementary grants for enabling Government to increase the paid-up capital of the nationalised banks appropriately.

The enlargement of the capital base would also improve the profitability of the banks to some extent. There is no denying the fact that rapid expansion of the branch network coupled with increasing cost of operations and administered interest rate structure with built-in concessional treatment to smaller borrowers has had impact on the profitability of the banks. Being financial institutions, generation of internal revenues, not only to provide for operational costs but also to provide for adequate reserves, is also absolutely essential for our nationalised banks. During the recent past concerted efforts have been devoted to this particular aspect. Measures like upward revisions of interest rates on government securities, upward revision of interest rates on food credit, abolition of interest tax, higher interest on cash deposits with the RBI, streamlining of procedures for payment of interest dues to the banks and similar measures are likely to help banks to earn higher profits. Enlarged capital base is another such measure. Simultaneously with these measures, we have also asked the banks to ensure that they effect all possible economy in their expenditure and secure an improvement in the productivity of their manpower.

Efforts are also being devoted to bring about an all round improvement in the operations of the banks. Improvement in customer service has received special attention. Honourable Members would be aware of the machinery that we have created for redressal of customer grievances. In the metropolitan centres and State capitals, centralised systems are being organised in the form of customer service centres. Internally, banks have organised systems for redressal of customer's grievances. Norms for disposal of routine work have been evolved and the banks have been asked to prominently display the same in their branches. Bank executives at all levels are endeavouring to increase contact with the people in pursuance of Government guidelines. Efforts are also being made to quicken the pace of disposal by selective mechanisation and camputerisation in bank branches. Measures are being taken to improve the quality of management at all levels.

THE DEPUTY CHAIRMAN: We have three more Bills of your Ministry. After this we have to adjourn at 1 O'clock.

SHRI JANARDHAN POOJARI: We have initiated the process setting the house in order and some results of these efforts have started becoming visible. It would not, however, be realistic to expect that the process of re-establishing an order would be anything spectacular, but I am sure that the customers would be able to experience and see the improvements in the functioning of the banks shortly.

Before I close, I would like to make one request and that is when we look at the operations of the banks we should not hesitate to point out the shortcomings. But, at the same time, we would

(SHRI Janardhan Poojari)

also generous enough to appreciate the tremendous amount of responsibility which banks have shouldered in the implementation of anti-poverty and other employment oriented programmes of our country.

No doubt, there are some bad aspects of their operations. There are, however, good aspects also. We should not lose sight of the fact that there are some bad eggs in the basket which we are determined to deal with them firmly. We should not, however, lose sight of the fact that a very large number of the bank officers and employees who work honestly. But there are blacksheeps also and deligently to help their institutions, to play their assigned role in the economic development of the country.

I commend the Banking Laws (Amendment) Bill, 1985 to the House for consideration and passing.

The question was proposed.

THE DEPUTY CHAIRMAN: Now, Mr. Mostafa Bin Quasem.

SHRI MOSTAFA BIN QUASEM (West Bengal): Madam Deputy Chairman, in fact, ten amending Bills have been incorporated into the body of this single Bill—the Banking Laws (Amendment) Bill, 1985. As such this Bill has diverse objectives. One major objective as we come to know through the Minister's statement is to enhance the capital base of the nationalised banks of our country. We also understand that hitherto Banking Acts of our country provide for a maximum paid-up capital of Rs. 15 crores Now, this Bill seeks to revise the ceiling upto Rs. 100 crores. Madam, internally speaking, the benefits and advantages which are actually going to flow to these nationalised banks need more clarification by the Honourable Minister in order to have a better understanding of the whole situation.

Madam, I do not hesitate to agree with the Honourable Minister that during the last 15 years or so, there has been a phenomenal expansion in the country's banking system in the form of expansion of their branch network, in the form of increase in deposits and even in loans. But I do hesitate to appreciate the manner in which the nationalised banks of our country are discharging their socio-economic responsibilities.

Madam, I want to emphasise upon three or four points in this connection. Now there is a talk of resource constraint a plea from the Government very frequently, that a resource constraint is acting as a detriment to the expansion of public sector in our country. Now, I would like to say, let there be more investment by the banks in the public sector and this can act as an easing factor in this respect.

I would request the Hon'ble Minister to take note of it. Even in the case of investment by the banks in the private sector, our experence is that a larze portion of the bank credit is being taken away by a handful of big industrial houses of our country and that has led to deprivation of a large number of medium and small scale industries. I think, a revision of this practice is needed immediately. Thirdly, I would like to say that even today, the agricultural sector of our country, the rural sector of our country, is being neglected and I would like to emphasise that there should be more investment in the agricultural sector and in the rural sector by the nationalised banks in particular than what is being done by them at the present moment. Another thing to which I would like to draw the attention of the Hon'ble Minister is that there should be a spurt in social banking, in the form of extending more credit to the anti-poverty programmes like IRDP and NREP, etc. Now, the Hon'ble Minister, while making his initial statement, gave us to know that there are many constraints in the bank operationsin improveing these anti-poverty programmes. He himself admitted that there are many bad things there. Now, I would humbly urge upon him that he should take immediate steps so that those bad things are eradicated as far as possible and banks play

a desirable role in the field of anti-poverty programmes. Now, Madam, it is somewhat heartening to note that of late, the Government of India has risen from some sort of a slumber and is taking some steps in order to make banking services more efficient. Several steps have been taken and we know it from the statement of the Hon'ble Minister made in this House as well as the other House. But what I must submit is that there is a lot of scope for further develpment in this direction. They should not be complacent at the steps so far taken by them for the improvement in banking services in the country. I would like to emphasise upon three or four things. Firstly, I would like to say that the Government should take steps to ensure that all banks of our country and particularly the public sector banks effect maximum possible economy in their expenditure.

Secondly, an attempt should be made to ensure overall improvement in bank operations and thirdly, I would like to emphasise that arrangements for improvement of customer service of the Bank should entaial a particular programme to eradicate the possibility of even a single case of harassment to a common man, to a poor man in the village area who comes into contact with a bank in some way or the other. Now, Madam, fourthly, I would like to draw the attention of the Hon'ble Minister to the terrifying phenomenon. Now-a-days, the cases of bank robberies and frauds are on the increase. Now, in spite of assurances given by the Hon'ble Finance Minister, we do not find any trend in arresting these tendencies, in minimising these tendencies Statistics show that during the last year, i.e. in 1984, the cases of bank frauds in our country were to the tune of 2410 involving an amount of Rs. 38.39. crores. If I correctly remember, I would expect that the Hon'ble Finance Minister, Mr. Poojari must not be happy over such a phenomen prevailing, far as the opreations of banks is concerned, some meaningful, some fruitful steps should be taken by the Government immediately so that these cases of bank robberies and bank frauds may be minimised in our country as eraly as possible.

1 P.M.

THE VICE-CHAIRMAN (SHRIMATI KANAK MUKHERJEE) in the Chair.

Before concluding, I would like to urge upon the hon. Minister that let there be no indiscriminate mechanisation, indiscriminate computerisation of the banks in our country which may result in unnecessary curtailment of existing employment and which may result in unnecessary curtailment of employment potential in the banks in our country. I would earnestly request the hon. Minister to keep this thing under his active consideration and with this I conclude.

श्री कैलाश पति मिश्र (बिहार) : महोदया, अभी माननीय सदस्य ने जैसा बताया कि दस बिलों का समूह एक साथ जोड़ कर एक बिल के रूप से इतनी जल्दबाजी में क्यों लाया गया, मेरी समझ में नहीं आ रहा है। एक तो गहराई से इसमें जाने का हमें अवसर नहीं मिला और लगता है कि यह विषय ऐसा है कि जिस पर पूरी चर्चा होनी चाहिये थी। और हम लोग भी जरा ठीक ढंग से उसमें योगदान कर पाते।

दस बिलों को जोड़ कर एक साथ ले आना और इतनी जल्दबाजी में ले आना, अभिप्राय क्या है, समझ में नहीं आता।

महोदया, बिल के अन्दर सोशियो-इकनामिक की भी बात की गई है। बार-बार एक बात को दोहराना पड़ता है कि आखिर हम किसका उत्थान करना चाहते हैं ? गरीब जनता, मध्यम वर्गीय जनता या मुट्ठी भर, थोड़े से लोगों को विशेष लाभ हो सके, केवल उनके हित के लिये हम आगे बढ़ते चले जा रहे हैं।

[श्री कैलाशपति मिश्र]

महोदया, पहले डेट ईक्विटी का रेशियो था 2:1 । थोड़े दिन पहले अचानक घटा कर $1\frac{1}{2}$:1 कर दिया गया है । बिल पढ़ने के बाद लगता है कि तर्क यह दिया गया है कि जो उद्योग करने वाले हैं, उन्हें धन प्राप्त करने के लिये और भी साधन है ।

मैं जानना चाहता हूं कि किनके पास धन प्राप्त करने के और साधन हैं ? जो बड़े-बड़े हैं, जिनकी मान्यता होती है, जिनकी प्रतिष्ठा होती है, उनके लिये तो कठिनाई नहीं है, लेकिन जहां मीडियम इंडस्ट्री का सवाल है, आज उनके सामने बहुत बड़ा संकट खड़ा हो गया है । एक बार प्रारंभ कर देने के बाद भी आवश्यक धन उन्हें नहीं मिल रहा है । हाफ परसेंट अचानक घटा देने के बाद वह काफी भारी संकट में पड़ गये हैं । मुझे ऐसा लगता है कि ऐसा नहीं करना चाहिये था । इस पर अवश्य विचार करना चाहिये था ।

क्रेडिट गारन्टी योजना हमारे यहां चल रही है । इसमें संदेह नहीं लगता कि इस उत्साह को लेकर कि आम जनता, गरीब जनता का कल्याण हो, इस हेतु यह क्रेडिट गारंटी योजना चालू हुई । मुझे ऐसा लग रहा है कि दुनिया के कुछ देशों में जहां पहले से योजना चल रही है, उसे देख कर उत्साह मिला है, स्फूर्ति मिली है, विशेषकर जापान से, लेकिन योजना जो चलाई, उसे ऐसा लंगड़ा बनाकर रख दिया कि आवश्यकता के अनुसार न तो उसके पास धन रहा और न ही उसे स्वतंत्र संस्था के नाते से रखा । रिजर्व बैंक के अन्तर्गत, भारत सरकार के अन्तर्गत उसे लंगड़ा बना कर रख दिया गया है ।

मैं कहना चाहूंगा कि क्रेडिट गारन्टी कारपोरेशन एक सक्षम संस्था बननी चाहिये । उसे स्वतंत्र ढंग से काम करना चाहिए । ऐसा नहीं कि किसी की दया के ऊपर वह चलती रहे और जो आवश्यक समझे, उसे पूरा नहीं कर सके ।

महोदया, लगभग सोलह वर्षों का एक विवरण दिया गया है कि बैंकों की शाखाएं कितनी बढ़ गई, बैंकों के डिपाजिट में कितना अन्तर आ गया । अब यह 31 मार्च, 1985 तक की रिपोर्ट है कि 50,982 बैंकों की शाखाएं काम कर रही हैं ।

मंत्री महोदय से मैं एक और आग्रह करना चाहूंगा कि अवश्य ही इसका एक लेखा-जोखा करना चाहिये कि 50,982 बैंक की शाखाएं तो खुल गईं, लेकिन यह बैंक की शाखाएं किस राज्य में कितनी खुली है । क्या सब जगह भारत में है, या कहीं किसी कोने में, किसी राज्य में बहुत कम हैं? **(समय की घंटी)** . . .थोडी देर और बोलने दीजिए । विषय ऐसा है कि तुरन्त छोड देने के बाद बोलने का कोई अर्थ नहीं रह जाता है । जो पिछड़े राज्य है, उनके अंतर्गत कितनी शाखाएं हैं । मैं आपको याद दिलाना चाहता हूं 1978 में बिहार की समीक्षा मैंने करने की, कोशिश की थी, तो आधे दर्जन ब्लॉक रखे, राष्ट्रीयकृत बैंक की एक शाखा उसमें नहीं थी, फिर जोर लगाया, तो थोड़ी सी बड़े ब्लॉकों में पहुंच गयीं । लेकिन आज भी कम हैं । क्रेडिज-रेशो उस राज्य में क्या था, देखकर आश्चर्य लगा, मात्र 17 प्रतिशत बिहार का 1978 में क्रेडिट रेशो था । उसका भी जब बंटवारा करके देखा ग्रामीण क्षेत्र के अंतर्गत जो किसान हैं, मजदूर हैं, उनके पीछे कितना जा रहा है, तो मात्र 6 या 7 प्रतिशत था । आज तो उसमें थोड़ी सी बढ़ोत्तरी हुई है, लेकिन ग्रामीण क्षेत्र उतना ही उपेक्षित है ।

महोदया, आपने कई प्रकार के ऋण की व्यवस्था तो कर दी—क्रेडिट, टर्म लोन, वर्किंग केपिटल । लेकिन वर्किंग केपीटल का कितना दुरुपयोग हो रहा है । उसके ऊपर मुझे लगता है कि सरकार का कोई भी नियंत्रण नहीं रहा है । नया बिल लाने के पहले अगर आपने यह कदम उठाया होता जो व्यवस्थाएं चल रही हैं, पहले उसकी जांच होनी चाहिए थी । एक जांच समिति आवश्यक थी । अगर पहले नहीं बनी, तो मैं फिर आपसे आग्रह करूंगा कि आप एक जांच-समिति बनाइये और सब प्रकार के दिये हुए कर्ज का, लोन का उपयोग कितना हो रहा है, उसकी एक बार समीक्षा होनी चाहिए, आखिर यह आर्थिक मामला है । केवल बेताल खाने में चलता चला जाये या भ्रष्टाचार में चलता चला जाये, तो कागज के ऊपर उत्थान दिखाई देगा, लेकिन धरती के उपर यह उत्थान दिखाई नहीं देगा ।

महोदया, में एक बात और कहकर समाप्त करना चाहूंगा कि भ्रष्टाचार की चर्चा कई बार कई जगह पहले सुनाई देती थी, लेकिन केवल दो ऐसी संस्थाएं थी हरेक को विश्वास था कि इसमें एक प्रतिशत का भी भ्रष्टाचार नहीं है और वह एक पोस्टल डिपार्टमेंट और दूसरा बैंकिंग । आश्चर्य लग रहा है कि इतनी तेजी से भ्रष्टाचार इन दोनों डिपार्टमेंट में भी बढ़ा है कि आम आदमी उसे परेशान दिखाई पड़ता है । रुपया जमा करने के लिए जाये, तो कठिनाई और रुपया निकालने के लिये जाये, तो उस समय कठिनाई । एक उल्लेख इसमें अवश्य है कि आप मेट्रोपोलिटन सिटीज में, स्टेट्स केपीटल में सेंट्रलाइज स्कीम करने जा रहे हैं और उसमें आपने सुधार की अपेक्षा की है । मैं नहीं जानता उसमें से कितना परिणाम है, लेकिन यह तथ्य है कि आज बैंक में रुपया जमा करना, और जमा कर दिया तो उसमें से निकालना आवश्यकता पड़ने पर, इसके लिए आम आदमी में जो उत्साह दिखाई देना चाहिए, वह दिखाई नहीं देता है ।

अन्त में मैं एक छोटा सा आग्रह करके भाषण समाप्त कर दूंगा और वह राज्य विशेष से जुड़ी हुई बात है । किसानों को खेती के समय पर, आप जानते है कि भारत के अन्दर खेती मौसमी खेती चल रही है, इस कारण पैसे की आवश्यकता पड़ती है। अगर दस-पन्द्रह दिन या महीनों में पैसा ना मिले तो फिर पैसे का बाद में मिलने पर उपयोग नहीं हो पाता । एक नियम आप अवश्य बनाइये और हर राज्य को विवश करिए कि किसानों को सरकार लेण्ड-पासबुक अवश्य जारी करे । अगर लगे तो कुछ दिन के लिये कड़ाई भी कर देनी चाहिए । जो राज्य सरकार लैंड-पासबुक नहीं बनाती है, किसान लोन नहीं ले सकता । आज होता क्या है कि समय के ऊपर लोन के लिये दरखास्त देता है, उसके लिये उसे बैंक दौड़ना पड़ता है फिर ब्लाक दौड़ना पड़ता है, रुरल एप्रेजल जब तक प्राप्त नहीं हो जाती, तब तक उसे लोन नहीं मिलता । परिणाम यह है कि पैसे की आवश्यकता आज है और एक वर्ष तक दरखास्त देने के बाद बैंक से ब्लाक और ब्लाक से बैंक, इस प्रकार से किसान दौड़ता रहता है और पैसे लेने के लिये घूस तक देनी पड़ता है, उसके बाद पैसा मिलता है और उसकी सार्थकता जो है वह सार्थकता पूर्व में समाप्त हो जाती है । अगर भारत के किसानों की आप मदद करना चाहते है तो केन्द्र सरकार को राज्य सरकारों को बाध्य करना चाहिए कि हर किसान को वह लेण्ड-पासबुक जारी करे क्योंकि रुरल एप्रेजल के लिए जो उसको दौड़ना पड़ता है, वह दौड़ना न पड़े । उसके पास कितनी जमीन है, अगर उसने कहीं से कर्ज लिया है, वह चुकाया है या नहीं चुकाया, इसके लिए अलग से कोई छानबीन करने की आवश्यकता न पड़े इसलिए राज्य सरकार को आप इसके लिये बाध्य करें । लगे, कोई एक्ट बनाना पड़े, राज्य सरकार को विवश करने के लिये कोई कदम उठाना पड़े, तो वह आप करें । इससे भारत के किसानों का आप बहुत बल कल्याण करेंगे (समय की घंटी)

समयाभाव के कारण, वैसे रखनी तो बहुत चीजें हैं, लेकिन बार-बार घंटी बज रही है, इसलिए समाप्त कर रहा हूं । लेकिन आग्रह यह कर रहा हूं कि जो अभी बैंकिंग व्यवस्था चल रही है, इसकी एक बार पूरी जांच कराइए । धन्यवाद ।

SHRI RAMESHWAR THAKUR (Bihar): Madam Vice-Chairman. I rise to support the Banking Laws (Amendment) Bill, 1985. This Bill has 18 Clauses. They propose to make some important changes to the following nine Acts:

— The Reserve Bank of India Act, 1983;

— The State Bank of India Act, 1955,

— The State Bank of India (Subsidiary Banks) Act, 1959;

— The Deposit Insurance and Credit Guarantee Corporation Act, 1961;

— The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970;

— The Regional Rural Banks Act, 1976;

[Shri Rameshwar Thakar]

— The Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1978;

— The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980;

— The Export-Import Bank of India Act, 1981; and

— The National Bank for Agriculture and Rural Development Act, 1981.

Some of the proposed amendments are enabling in nature, some others have a long-term effect. I would like to deal with a few of them. Clause 2 of the Bill seeks to amend Section 17 (4A) of the Reserve Bank of India Act, 1934 to increase the limit of advances against Government securities from 90 per cent to twice the paid-up capital, share capital of the State Financial Corporations. This is a welcome feature. I would like to draw attention to one aspect. The advances are against Government securities plus debentures, etc. issued by the State Financial Corporations. Now, unless the capital base of the State Financial Corporations is raised, the State Financial Corporations will not be able to take full advantage of this provision. Therefore, the time has come when, as we are doing in the case of nationalised banks the capital base of the State Financial Corporations should be raised.

Secondly, Clause 3, 4, 6 and 15 are important clauses, important enabling provisions. Clauses 7 and 8 are also important. Clauses 14 and 15 are also important. They are amendments primarily to enhance the present provision of share capital, paid-up capital. In this regard two objectives have been fixed—to raise the paid-up capital from Rs. 15 crores to Rs. 100 crores, the objective being that it will enable better profitability and equity ratio; raising the share capital will certainly enhance the prestige of these banks in the international field. After nationalisation the operations have increased enormously. We had deposits of about Rs. 4616 crores which have now gone up to Rs. 56000 crores in 1982-83. The deposits have further gone up during the last three years. But now the question is how it is likely to improve the profitability and debt enquity ratio. This year the Government proposes to provide Rs. 250 crores to all the banks which would mean on an average hardly ten crores per bank. According to the provisions under clause 8 and clause 14, this can be increased and this can be increased in two ways. One is by way of transfer of the reserves of the banks to share capital. But the words "and" and "or" have not been used and that is also not clear. It only says like this: "(a) by way of transfer; (b) by contribution by the Central Government." This contribution is by the Central Government to the share capital of the banks. Now the question that arises is whether this transfer from the reserve to the paid-up capital in any way increases the profitability of the bank or its debt-equity ratio. I think this does not in any way increase the profitability of the banks or their debt-enquity ratio. Secondly, the contribution made by the Government by way of share capital is also not going to improve the debt-equity ratio. So far as profitability is concerned, that also is not clear. I say this because, according to the Bill, a sum of Rs. 250 crores is expected to be contributed by the Central Government during the current financial year in pursuance of this upward revision of the statutory ceiling and that this expenditure will be met out of the Consolidated Fund of India and will be of a non-recurring nature. It is also proposed that the banks would invest this contribution in special securities on account of which it will come back into the Consolidated Fund of India. Now, we say that we are going to give Rs. 250 crores to the nationalised banks and then we also say that we are helping the banks in their share capital. Then the banks are also asked immediately to invest these funds, not through the normal banking channels which may prove profitable to some extent, not much, but to some extent only. But this money is to be reinvested in special securities (*Time bell rings*). But hte nature of these securities is also not known and it is also not clear. Therefore, I feel that the reasoning given here is not sound.

Secondly, I would like to mention that the banks make the investments for their own operations and they are not necessarily to be invested by them in the Government securities. I feel that the reasoning is not sound here and this will not help the banks in thier actual operations. Therefore, I feel that this requires the consideration of the Finance Minister.

Then, Madam, there is a proposal to change the name of the United Commercial Bank to UCO Bank so as to avoid any confusion in the international operations of the bank since there is a bank in existence with the same name in Bangladesh. In clause 10(2), it has been said that the change of name of United Commercial Bank shall not affect any rights and obligations of that bank or render defective any legal proceedings by or against it, and any legal proceedings which might have been continued or commenced by or against that bank by its former name may be continued or commenced by or against it by its new name. I am a little surprised at this. I wonder what will happen if this kind of an arrangement is sought to be made with regard to the other banks also. In the comity of nations there are hundreds of countries and they have their own banks. When operations are conducted between two countries through these banks, you will see that the banks are known alongwith the countries to which they belong such as UCO Bank of India, and so on. Our own banks are operating in different questions. The question is whether the name should be changed at all just because there is a bank with the same name in another country, namely Bangladesh. This should not be the criterion for changing the name. We have to see to the convenience of hundreds and thousands and lakhs of customers of the bank. Now, the United Commercial Bank is a bank known as such to an ordinary person and if the name is changed, it will be very difficult for him to understand the implications and it would be very difficult to make the people who deal with this bank understand this. Then, Madam, the legal aspect is very important. (*Time bell rings*) It is said that the change does not affect the legal rights or obligations of this bank. The Bill says that the change of name shall not render defective any legal proceedings by or against it, and any legal proceedings which might have been continued or commenced by or against that bank by its former name may be continued or commenced by or against it by its new name. By suggestion is to see whether it is not likely. This part is there. Legal proceedings will be all right. Generally we seek legal obligations. But hundreds and lakhs of documents are there in the name of the United Commercial Bank. Have they been transferred? This part is not very clear. There are so many activities and so many documents. By doing this we will be creating more problems than solving it. The degree of international operations of the United Commercial Bank is very small as compared to the national operations. Therefore, at least in future I would urge upon the Finance Minsiter that before changing or proposing any such change, all aspects should be considered, and we should not do it because there is the convenience of some other country. That is not a correct proposition.

Two more suggestions I would like to make in this connection. (*Interruption*) We are seeing only one thing. So many Acts are there. As we have got integration in other laws, in the case of long-term fiscal policy we have got. I would say that there should be integration of the banking laws. We are making piecemeal changes. Time has come when a careful consideration should be made. When we have got long-term financial institutions we should have a long-term policy with regard to this, and also simplification of the laws. Also we must think in terms of efficiency to be brought and modernisation to be brought in the banking operations. Thank you very much.

THE VICE-CHAIRMAN (SHRIMATI KANAK MUKHERJEE): Now the House is adjourned for lunch till 2.30.

The House adjourned for lunch at twenty-two minutes past one of the clock.

The House reassembled after lunch at thirty-four minutes past two of the clock, THE VICE-CHAIRMAN, SHRIMATI KANAK MUKHERJEE, in the Chair.

RESOLUTION RE. NEED FOR PROGRESSIVE MODERNISATION POLICY FOR ECONOMIC DEVELOPMENT—CONTD.

THE VICE-CHAIRMAN (SHRIMATI KANAK MUKHERJEE): We shall now take up the Private Members' Resolution. Mr. Jadhav will continue.

SHRI VITHALRAO MADHAVRAO JADHAV (Maharashtra): Madam Vice-Chairman, last time I had moved the following Resolution:

> "With a view to strengthening the present national efforts and drive for modernisation, productivity and efficiency so that the country is taken to the 21st century, this House is of the opinion that Government should evolve a progressive modernisation policy with reference to the following aspects:..."

Last time, I had covered the first aspect about the modernisation of transport technology. In that particular aspect, the Railways remain. Madam, India is a very large country and the Indian Railways is one of the second largest Railways in the world. Much more modernisation is required in the railway transport work. It is not only the freight transport, passenger transport, electrification and all these things. Even though we have controlled this Railway administration very efficiently, it still requires automatic signalling system and introduction of electronic and modern technology. Then speeding up of the trains is also a must so that the distances can be shortened. During my visit to Japan, I have seen the fastest train, and that is the bullet train which goes at a spead of 250 kms. per hour. Japan is comparatively a very small country as compared to India. We are having technical collaboration with Japan, and we want to upgrade our technology. As I have said last time it is not only that we should invest our energy and our money and efforts in adopting the new technology which is already existing in the world, but we must also invest and we must also take measures to find out new technology. So, from that point of view ,in the modern world, countries like Japan, USA, Soviet Union and others have got modernised through the long and sustained efforts of their people. So, we must take the technology which is already available with those countries. As we are having the policy of Non-alignment and we are not aligned to this group or that group and we will see just to our national interest, we will obtain whatever technology that is available from whatever quarter, and we will upgrade our technology.

So, Madam, this railways is a very important industry of this country because it is the poorman's vehicle, it is the poor man's conveyance, and this railway network is from Kanyakumari to Kashmir. Any person can go from one place to another at the most reasonable charges. So, it is very essential that these transport vehicles which are in daily use and which are cheaper should be modernised to a large extent so that the common man will be benefited. And another important thing is that even before modernisation, we must see that discipline is maintained among the workers or employees who are working in that industry. And as I have said last time corruption should be rooted out. We find that either in the railways or in any industry, whether public or private sector or in the Government administration, the common man is exploited because of corruption. So, our Prime Minister has given an assurance to the people of India that we will fully ensure that corruption would be fully rooted out. And we see for the last one week several raids on custom officials and on the big industrialists and big businessmen. Whoever steals the money, he is the thief. He is not a big man. Either he might be Kirloskar or he might be Tata or he might be Birla. That means, the process of giving a clean administration has been started by our hon. Prime Minister. And I fully and wholeheartedly support this. And for that purpose also, I must also specially congratulate our Union Finance Minister, Mr. Vishwanath Pratap Singh, who is the most cleanest man and he ha